

P8H, INC. d/b/a/ Paddle 8, Debtor
Liquidation Analysis for Best Interests Test Under 11 U.S.C. § 1129(a)(7)
Chapter 7 Liquidation Compared to Chapter 11 Plan of Reorganization

Prepared as of August 25, 2021

All figures presented in thousands of dollars (\$000)

	Notes	Est Ch. 7 Balance	Chapter 7 Liquidation				Est Ch. 11 Balance	Chapter 11 Plan of Reorganization			
			Realization %		Liquidation Value			Realization %		Liquidation Value	
			Low	High	Low	High		Low	High	Low	High
Assets Available for Distribution											
Unrestricted Cash (projected @ 9/30/2021)	a	688	100.0%	100.0%	688	688	688	100.0%	100.0%	688	688
Restricted Cash @ 9/30/2021	b	213	0.0%	100.0%	0	213	213	100.0%	100.0%	213	213
Settlement Proceeds from Mediated Ch. 11 Global Litigation Settlement	c	n/a	n/a	n/a	n/a	n/a	1,400	100.0%	100.0%	1,400	1,400
Fiduciary Duty and related litigation claims if no Global Litigation Settlement	d	2,000	0.0%	50.0%	0	1,000	n/a	n/a	n/a	n/a	n/a
Stockaccess/FBNK Preference Claims	e	250	10.0%	95.0%	25	238	n/a	n/a	n/a	n/a	n/a
Preference Claims		300	10.0%	50.0%	30	150	300	10.0%	50.0%	30	150
Other Assets		20	10.0%	50.0%	2	10	20	10.0%	50.0%	2	10
Chapter 11 Wind-Down Reserve Funded by Litigation Settlement		n/a	n/a	n/a	n/a	n/a	190			190	190
Total Assets and Net Proceeds Available for Distribution		3,471			745	2,299	2621			2,333	2,461
Estimated Wind Down Expenses											
Wind Down Expenses	f				100	300				115	230
Contingent Counsel Fee (33%) for Litigation of Claims w/o Global Settlement	g				0	330				n/a	n/a
Chapter 7 Trustee Commission (3% of estate proceeds administered)	h				22	69				n/a	n/a
Total Wind Down Expenses					122	699				115	230
Net Proceeds Available for Distribution to Claims After Wind Down Expenses					623	1,600				2,218	2,231

			Chapter 7 Liquidation					Chapter 11 Plan of Reorganization			
	Notes	Est Balance	Recovery %		Recovery Value			Recovery %		Recovery Value	
			Low	High	Low	High	Est Balance	Low	High	Low	High
Estimated Creditor Distributions											
Administrative Expense Claims - Ch. 7		30	100.0%	100.0%	30	30	n/a	n/a	n/a	n/a	n/a
Administrative Expense Claims - Ch. 11		30	100.0%	100.0%	30	30	30	100.0%	100.0%	30	30
Professional Compensation Claims - Ch. 11 Trustee and Counsel		2,000	25.0%	75.0%	500	1,500	1530	100.0%	100.0%	1,530	1,530
Professional Compensation Claims - Ch. 11 Trustee's Accountants		20	100.0%	100.0%	20	20	20	100.0%	100.0%	20	20
Priority Claims (including priority taxes)		40	100.0%	100.0%	40	20	40	100.0%	100.0%	40	40
Unsecured Auction Seller Claims filed Per Claims Protocol											
Online Sellers Without NYACAL Claims	i	n/a	n/a	n/a	n/a	n/a	477	40.0%	40.0%	191	191
Artist-Consignors With NYACAL Claims	j	n/a	n/a	n/a	n/a	n/a	224	50.0%	50.0%	112	112
Total Auction Seller Claims		n/a			n/a	n/a	701			303	303
General Unsecured Claims		11,801	0.03%	0.0%	3	0					
Online Buyer Claims	k	n/a					308	10.0%	10.0%	31	31
Other Non-Insider Claims	l	n/a	n/a	n/a	n/a	n/a	2,192	10.0%	10.0%	219	219
Insider Claims		n/a	n/a	n/a	n/a	n/a	8,600	0.0%	0.0%	0	0
Total Unsecured Claims	m	11,801			3	0	10,792			250	250
Total All Creditor Distributions					623	1,600				2,173	2,173
Surplus of Ch. 11 Wind-down Rewserve to Fund Additional Unsecured Claim					n/a	n/a				45	58
Net Proceeds Available For Unsatisfied General Unsecured Claims, Subordinated Claims and Equity Holders					0	0				0	0

NOTES:

- a Balance as of 8/6/2021 (\$944k) less projected operating expenses through 9/30/2021.
b Proceeds held pursuant to prior bankruptcy court orders, subject to release on further order (in this instance, the Confirmation Order).
c Settlement proceeds to be contributed under Global Litigation Settlement resulting from court-annexed mediation, to be approved under Ch. 11 Plan. Proceeds will not exist if settlement is not approved and case is converted to Ch. 7.
d Litigation claims to be pursued absent approval of Global Litigation Settlement to be approved under Ch. 11 Plan.
e Avoidance and recovery claims that could be pursued absent Global Litigation Settlement to be approved under Ch. 11 Plan.
f Estimated costs to assist in winding down the estate and completing any necessary administrative work, including professional fees.
g D&O litigation, absent settlement, likely would be pursued in Ch. 7 by a contingent fee counsel, with potential contingent fee share of 33% of the actual proceeds recovered (if any).
h Chapter 7 Trustee Commission is calculated in accordance with 11 U.S.C. § 326(a).
i Represents settlement under Ch. 11 Plan of possible arguments by auction sellers and consignors that auction proceeds were not property of the Debtor's bankruptcy estate.
j Represents settlement under Ch. 11 Plan of possible arguments by auction sellers and consignors that auction proceeds were not property of the Debtor's bankruptcy estate, plus enhancement to account for claims of 6 creditors asserting rights under the NY Arts & Cultural Affairs Law.
k Holder may elect to retrieve purchased property held by seller, at Holder's cost, or terminate purchase right and be treated as a General Unsecured Claim for purchase price.
l Does not include possible additional unsecured claims resulting from any auction buyers' elections to retrieve the auction items still in storage, at buyer's costs for delivery.

m Assumes that absent Global Litigation Settlement in Ch. 11 Plan, Stockaccess/FBNK alleged lien and secured claims are avoided and treated as unsecured claims in Ch. 7, and that FBNK Lien will most likely be avoided in ch. 7.

P8H, INC. d/b/a/ Paddle 8, Debtor
Liquidation Analysis for Best Interests Test Under 11 U.S.C. § 1129(a)(____)
Chapter 7 Liquidation Compared to Chapter 11 Plan of Reorganization

Draft 8-6-2021

All figures presented in thousands of dollars (000)

		Notes	Est Ch. 7 Balance	Chapter 7 Liquidation				Est Ch. 11 Balance	Chapter 11 Plan of Reorganization			
				Realization %		Liquidation Value			Realization %		Liquidation Value	
				Low	High	Low	High		Low	High	Low	High
Assets Available for Distribution												
Unrestricted Cash @ 9/30/2021		a	688	100.0%	100.0%	688	688	688	100.0%	100.0%	688	688
Restricted Cash @ 9/30/2021		b	213	0.0%	100.0%	0	213	213	100.0%	100.0%	213	213
Settlement Proceeds from Mediated Ch. 11 Global Litigation Settlement		c	n/a	n/a	n/a	n/a	n/a	1,400	100.0%	100.0%	1400	1400
D&O Litigation Claims if case converted to Ch. 7 w/o Global Settlement		d	2,000	0.0%	65.0%	0	1,300	n/a	n/a	n/a	n/a	n/a
Stockaccess/FBNK Preference Claims		e	250	10.0%	100.0%	25	250	n/a	n/a	n/a	n/a	n/a
Preference Claims			300	10.0%	50.0%	30	150	300	10.0%	50.0%	30	150
Other Assets			20	10.0%	80.0%	2	16	20	0.0%	75.0%	0	15
Total Assets and Net Proceeds Available for Distribution			3471			745	2617	2621			2331	2466
Estimated Wind Down Expenses												
Wind Down Expenses		f										
Contingent Counsel Fee for Litigation Claims w/o Global Settlement		g										
Chapter 7 Trustee Commission (3% of estate proceeds administered)		h				22	79				n/a	n/a
Total Wind Down Expenses												
Net Proceeds Available for Distribution to Claims After Wind Down Expenses												

Settled in Global Litigation Settlement under Plan
Settled in Global Litigation Settlement under Plan

		Chapter 7 Liquidation					Chapter 11 Plan of Reorganization				
		Recovery %		Recovery Value			Recovery %		Recovery Value		
	Notes	Est Balance	Low	High	Low	High	Est Balance	Low	High	Low	High
Estimated Creditor Distributions											
Administrative Expense Claims - Ch. 7							n/a	n/a	n/a	n/a	n/a
Administrative Expense Claims - Ch. 11		30					30	100.0%	100.0%	30	30
Professional Compensation Claims - Ch. 11 Trustee and Counsel		2000					1530	100.0%	100.0%	1530	1530
Professional Compensation Claims - Ch. 11 Trustee's Accountants		20					20	100.0%	100.0%	20	20
Priority Claims (including priority taxes)		40					40	100.0%	100.0%	40	40
Unsecured Auction Seller Claims per Claims Protocol											
Auction Sellers Without NYACAL Claims	i	698					477	38.0%	38.0%	181	181
Artist-Consignors With NYACAL Claims	j	n/a	n/a	n/a	n/a	n/a	221	46.0%	46.0%	102	102
Total Auction Seller Claims		698					698			283	283
General unsecured claims											
Unsubordinated Claims		10,817					2,217	10.0%	10.0%	222	222
Subordinated Insider Claims Under Global Settlement		n/a					8,600	0.0%	0.0%	0	0
		10,817					10,817				
Net Proceeds Available For Subordinated Claims and Equity Holders					0	0				0	

0.3051576

NOTES:

- a Balance as of 8/6/2021 (\$944k) less projected operating expenses through 9/30/2021.
b Proceeds held pursuant to prior bankruptcy court orders, subject to release on further order (in this instance, the Confirmation Order).
c Settlement proceeds to be contributed under Global Litigation Settlement resulting from court-annexed mediation, to be approved under Ch. 11 Plan. Proceeds will not exist if settlement is not approved and case is converted to Ch. 7.
d Litigation claims to be pursued absent approval of Global Litigation Settlement to be approved under Ch. 11 Plan.
e Avoidance and recovery claims that could be pursued absent Global Litigation Settlement to be approved under Ch. 11 Plan.
f Estimated costs to assist in winding down the estate and completing any necessary administrative work, including professional fees.
g D&O litigation, absent settlement, likely would be pursued in Ch. 7 by a contingent fee counsel, with potential contingent fee share of 33% of the actual proceeds recovered (if any).
h Chapter 7 Trustee Commission is calculated in accordance with 11 U.S.C. § 326(a).
i Represents settlement under Ch. 11 Plan of possible arguments by auction sellers and consignors that auction proceeds were not property of the Debtor's bankruptcy estate.
j Represents settlement under Ch. 11 Plan of possible arguments by auction sellers and consignors that auction proceeds were not property of the Debtor's bankruptcy estate, plus enhancement to account for claims of 6 creditors asserting rights under the NY Arts & Cultural Affairs Law.